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CENTRAL DISTRICT OF CALIFORNIA

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8 UNITED STATES DISTRICT COURT  
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10 CENTRAL DISTRICT OF CALIFORNIA  
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13 ARIF AKHTAR,

14 Plaintiff,

15 vs.

16 COMPOUND LABS, INC.,  
17 COMPOUNDDEFI, INC.,  
18 and DOES 1-9.

19 Defendant.

Case No. 2:23-cv-07440

FIRST AMENDED COMPLAINT

1. BREACH OF CONTRACT
2. BREACH OF THE COVENANT OF GOOD FAITH & FAIR DEALING
3. UNJUST ENRICHMENT
4. FRAUD
5. CONVERSION
6. PROMISSORY ESTOPPEL

DEMAND FOR JURY TRIAL

20 1. ARIF AKHTAR (hereby "Plaintiff") is a Ventura County resident in California and  
21 brings this civil suit action pursuant to 28 U.S.C. § 1332; Diversity of Citizenship; whereby (a)  
22 the district courts shall have original jurisdiction of all civil actions and the matter in controversy  
23 exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between; and (1)  
24 citizens of different States. Here, the Plaintiff alleges and re-alleges all six causes of action  
25 against COMPOUND LABS, INC. and COMPOUNDDEFI, INC. (hereby "Defendant") and  
26 DOES 1-9.

FACTS AND PROCEDURAL HISTORY

27 2. There was a breach of contract between the Defendant and Plaintiff, and if considered  
28 a quasi-contract, also known as contracts "implied in law," "impose duties that are deemed to

1 arise by operation of law, in order to prevent an injustice." *Lumbermens Mut. Cas. Co. v. United*  
 2 *States*, 654 F.3d 1305, 1316 (Fed. Cir. 2011) (citing *Hercules Inc. v. United States*, 516 U.S. 417,  
 3 423 (1996)), *Kingman Water Co. v. United States*, 253 F.2d 588 (9th Cir. 1958); *United States v.*  
 4 *Independent School District No. 1 of Okmulgee, OK*, 209 F.2d 578 (10th Cir. 1954); *United*  
 5 *States v. Bentley*, 107 F.2d 382 (2d Cir. 1939). The contract can be contrasted with implied in  
 6 fact contracts, which are founded upon a meeting of the minds, which, although not embodied in  
 7 an express contract, is inferred, as a fact, from conduct of the parties. There was consideration;  
 8 there was an offer and an acceptance.

9 3. Every contract or duty within the Uniform Commercial Code imposes an obligation of  
 10 good faith in its performance and enforcement. See UCC § 1-303. There was wrong done to the  
 11 Plaintiff's investment when there was a breach of contract. This breach of contract was in  
 12 violation of the Uniform Commercial Code (UCC): Article 1 (General Provisions), Article 2  
 13 (Sales), Article 8 (Investment Securities), Article 4A (Funds Transfer), Securities Act of 1933  
 14 (the "Securities Act"), the Securities Exchange Act of 1934 (the "Exchange Act"), California's  
 15 Corporate Securities Law of 1968 (the "California Securities Law"), and California's Unfair  
 16 Competition Law. Here, while doing business, the Defendant kept the Plaintiff's vibrant digital  
 17 investment (his growing "crypto currency"). Defendant prevented it from accumulating and did  
 18 not return his investment to him, in any tangible monetary way. There are damages for the past,  
 19 present, and future investment.

20 4. The first allegation, breach of contract, meets the legal requirements to be considered a  
 21 valid contract, with a valid "contractual agreement" that is enforceable, and can be enforced by  
 22 the law. There was an offer and an acceptance. The term "security" includes an "investment  
 23 contract," as well as other instruments such as stocks, bonds, and transferable shares. A digital  
 24 asset should be analyzed to determine whether it has the characteristics of any product that meets  
 25 the definition of "security" under the federal securities laws. It qualifies as an investment  
 26 contract. See *Securities and Exchange Commission v. W. J. Howey Co.*, 328 U.S. 293. The U.S.  
 27 Supreme Court has found that an "investment contract" exists when there is 1) the investment of  
 28 money, 2) in a common enterprise, 3) with a reasonable expectation of profits to be derived from



1 the efforts of others. The "*Howey* test" applies to any contract, scheme, or transaction, regardless  
2 of whether it has any of the characteristics of typical securities. See *In re Tomahawk Exploration*  
3 *LLC*, Securities Act Rel. 10530 (Aug. 14, 2018) (issuance of tokens under a so-called "bounty  
4 program" constituted an offer and sale of securities because the issuer provided tokens to  
5 investors in exchange for services designed to advance the issuer's economic interests and foster  
6 a trading market for its securities).

7 5. This event constituted bad faith and unfair dealing to the Plaintiff, and anyone who did  
8 business with the Defendant. As a result, the Plaintiff endured severe monetary damages on  
9 investment. UCC § 1-201(19) manages transactions within Article 2, "good faith in the case of a  
10 merchant means honesty in fact and the observance of reasonable commercial standards of fair  
11 dealing in the trade."

12 6. A contract breach involving fraud is an intentional tort under the Federal Tort Claims  
13 Act (FTCA) and 18 U.S. Code § 1341 - Frauds and swindles. Whoever, having devised or  
14 intending to devise any scheme or artifice to defraud, or for obtaining money or property by  
15 means of false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan,  
16 exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any  
17 counterfeit or spurious coin, obligation, security, or other article, or anything represented to be or  
18 intimated or held out to be such counterfeit or spurious article, for the purpose of executing such  
19 scheme or artifice or attempting so to do...". But for the fraud, the injury would not have  
20 occurred. Fraud is both a civil tort and criminal wrong. Fraud is a promise that goes unfulfilled.  
21 This may give rise to a claim for fraud under particular circumstances. Contract fraud occurs  
22 when one party to a contract uses information that is false, misleading, or deceitful.

23 7. Unfair competition usually involves an element of consumer deception. Unfair  
24 competition under the federal Lanham Act (15 U.S.C. § 1125) is commonly known as passing  
25 off one's goods or services for another's.

26 8. The Plaintiff alleges and re-alleges that the Defendant's unfair methods of competition  
27 were unlawful and affected his growing investment, which was done in commerce, and these  
28 methods were unfair or deceptive acts or practices hereby declared unlawful.



1 9. The damage sustained constitutes unjust enrichment, driven by fraudulent deceptive  
 2 business practices, and unfair competition. The Defendant was unjustly enriched at the expense  
 3 of the Plaintiff's loss. See *Mt. Sinai Hospital of Greater Miami v. Weinberger*, 517 F.2d 329 (5th  
 4 Cir. 1975); *J.W. Bateson Co., Inc. v. United States*, 308 F.2d 510, 514-515 (5th Cir. 1962).

5 10. Crypto currency is a currency available in electronic form. Currencies can be a  
 6 government-authorized medium of exchange (see the UCC definition of "money" in §1-  
 7 201(a)(24)), or they can exist through a decentralized system, with no central administrator  
 8 controlling the currency supply. Decentralized currencies, which include Bitcoin, are not  
 9 generated or supported by any central bank or other government agency; instead transactions are  
 10 recorded through ledger entries across decentralized computer networks known as blockchains.

11 11. UCC §1-201(b)(24) defines "money," in part, as "a medium of exchange currently  
 12 authorized or adopted by a domestic or foreign government." While one might first logically turn  
 13 to "money" as the likely category for virtual currency, virtual currency undeniably functions as a  
 14 payment mechanism similar to traditional tangible money.

15 12. Plaintiff had all his growing and vibrant currency taken from his wallet (or deposit  
 16 account). This constitutes conversion. UCC §9-102(a)(29) defines "deposit account" in part as a  
 17 "demand, time, savings, pass-book, or similar account maintained with a bank." UCC §9-  
 18 102(a)(49) defines "investment property," in relevant part, as a "security, whether certificated or  
 19 uncertificated, security entitlement, ... or securities account ... ." Security entitlement" is defined  
 20 in UCC §8-102(a)(17) as a "financial asset," which is itself defined in UCC §8-102(a)(15), in  
 21 relevant part, as a "security," an obligation or interest of a type dealt in or traded on financial  
 22 markets or recognized as a medium for investment, or any property held by a securities  
 23 intermediary in a securities account if it has been agreed that the subject property is to be treated  
 24 as a financial asset.

25 13. The Plaintiff has electronic records of his assets where the Defendant had control;  
 26 controllable Electronic Records. According to the Committee, "controllable electronic records" is  
 27 a subset of "digital assets." Under new Article 12, a "controllable electronic record" is a record  
 28 (i.e., per UCC §1-201(b)(31), information that is retrievable in perceivable form) that is stored in



1 an electronic or other intangible medium and can be subjected to control, as defined in proposed  
2 UCC §12-105.

3 14. Conversion is the deprivation of another's right to use or possess personal  
4 property. Conversion is often defined as other interference of a person's right to property without  
5 the owner's consent and without lawful justification. See *Stevenson v. Economy Bank of*  
6 *Ambridge*, 413 Pa. 442 (Pa. 1964). A conversion occurs when a person without authority or  
7 permission intentionally takes the personal property of another or deprives another of possession  
8 of personal property. It is a tort which allows the injured party to seek legal relief.

9 15. However, the intent or purpose to do a wrong is not necessary to establish conversion,  
10 merely intent to seize the property. See *Chem-Age Indus. v. Glover*, 2002 SD 122 (S.D. 2002).  
11 Thus, even if the defendant thought he or she had rights to the property, if they were wrong and  
12 intentionally seized it, they have converted the property wrongfully.

13 16. Within contract law, promissory estoppel refers to the doctrine that a party may  
14 recover on the basis of a promise made when the party's reliance on that promise was reasonable,  
15 and the party attempting to recover detrimentally relied on the promise.

16 17. The promissory estoppel doctrine that a promise made without the exchange  
17 of **consideration** is binding and enforceable if: (1) the defendant made a clear and unambiguous  
18 promise, (2) the plaintiff acted in reliance on the defendant's promise, (3) the plaintiff's reliance  
19 was reasonable and foreseeable, (4) The plaintiff suffered an injury due to reliance on the  
20 defendant's promise. See *Graham-Suit v. Clainos*, 756 F.3d 724, 749-50 (9th Cir. 2013). A  
21 successful promissory estoppel claim prevents the defendant from denying the existence of a  
22 contract for lack of consideration and punishes the defendant for misleading the plaintiff to its  
23 detriment. See *Bocksel v. DG3 North America, Inc.*, at \*10 (E.D.N.Y. Feb. 12, 2016). Courts  
24 typically limit the plaintiff's remedy to that which is necessary to avoid injustice.

## INTRODUCTION

18. The Plaintiff's first investment was deposited on April, 5th 2022, with the amount of \$28.37. On June 28th, 2022, around 7:00 am, violations occurred when the Defendant withdrew (converted) over \$12,083.28 from the Plaintiff's wallet (*Exhibit G*). The plaintiff had invested in CompoundDefi app to earn profits and experience growth. The growth rate would have far exceeded what was in his wallet in no time. It was against all logic and against the ordinary use of contract terms to simply cut off the Plaintiff. The Defendant explained that the Russians had hacked his account, and it was assumed that had happened without any evidence.

19. In a preliminary text between the Defendant's representative and the Plaintiff, the Defendants clearly states that investing with them is "risk free" and that not even the "world's top hackers" can't steal the currency (*Exhibit A*). The Defendant's conduct was extremely unethical and outrageous because Plaintiff's crypto currency (digital currency) was withdrawn from his wallet by the Defendant without his consent and without any valid reason.

20. Therefore, the Plaintiff complains and alleges and re-alleges against the Defendant that they violated his rights, and alleges and re-alleges that the Defendant is in Breach of Contract and is in violation of the Uniform Commercial Code (UCC): Article 1 (General Provisions), Article 2 (Sales), Article 8 (Investment Securities), Article 4A (Funds Transfer), Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934 (the "Exchange Act"), California's Corporate Securities Law of 1968 (the "California Securities Law"), and California's Unfair Competition Law.

21. The Defendant failed to file an official statement for his currency sold or lost or by failing to inform the Plaintiff, as an investor, the Defendant violates the *Securities Act of 1933* and the *Securities Exchange Act of 1934* and took out his investment and without allowing him to make an informed investment decision.

22. On April 3, 2019, the Securities Exchange Commission (SEC) released an assessment strategy, "Framework for 'Investment Contract' Analysis of Digital Assets" (Framework), which identified the factors for determining whether a digital asset, like crypto currency, is an



1 “investment contract” and therefore subject to the *Securities Act of 1933* and the *Securities*  
2 *Exchange Act of 1934*.

3 23. An “investment contract,” as defined by the U.S. Supreme Court, exists when there is  
4 investment of money in a common enterprise with a reasonable expectation of profits to be  
5 derived from the efforts of others. *SEC v. W.J. Howey Co.*, 328 U.S. 293, 294 (1946). This  
6 definition applies to any contract, scheme, or transaction, regardless of whether it possesses any  
7 of the characteristics of typical securities.

8 24. Investors and issuers of digital assets has been a rapidly evolving market that was  
9 recently legitimized by *President Joe Biden’s March 9 executive order*. President Biden declared  
10 in *Sec. 1* that digital assets can have profound implications on consumers, investors, and  
11 business. In *Sec. 2* he declared that the United States should protect consumers, investors, and  
12 business from financial instability and mitigate systemic risk. *Sec. 2 (d)* further states that  
13 technological and economic competitiveness should grow through responsible development of  
14 payment innovations and digital assets. The Defendant promised the Plaintiff that his funds  
15 would always be safe as long as he did not reveal his password (*Exhibit B*).

16 25. The Defendant misappropriated the Plaintiff’s digital investment in an act of  
17 conversion and the Plaintiff was not given a contractual reason as to why the Defendant  
18 withdrew his crypto currency. Defendant’s conduct constitutes unethical, competitively unfair,  
19 fraudulent, and Unlawful Business Acts or Practices (*Cal. Bus. & Prof. Code §§ 17200 et seq.*)  
20 The Plaintiff has filed a police report at the Camarillo Police Department (Police Report #: 22-  
21 8895). Plaintiff asks for his digital assets/investment restored and returned, or the monetary value  
22 of his digital assets along with damages.

23 26. The Plaintiff suffered an investment loss that was growing fast. It was an immediate  
24 loss of \$12,083.28. For compensatory, consequential, general, punitive, and special damages  
25 and/or restitution in an amount to be determined at trial for loss of investment, of trade all in the  
26 amount of \$5 million dollars (five million dollars). Plaintiff invested close to \$8,000.00 by  
27 depositing in his Coinbase wallet account and it grew to a little over \$12,000.00 within a few  
28 weeks. Plaintiff’s investment was accumulating strongly. Without his permission, Defendant



1 withdrew a little over \$12,000.00 worth of USDT from Plaintiff's Coinbase wallet. Defendant's  
2 Coinbase wallet and compoundDefi app had the capability to show the daily earnings the total  
3 amount of USDT in wallet.

4 27. Defendant has strength in the crypto market (digital currency). Market cap is \$407.99  
5 million as of today. Compound Labs, Inc. who manages Comp also manages an app,  
6 CompoundDefi, meant for Defi liquidity mining. CompoundDefi is where the Plaintiff opened  
7 his account and invested USDT via Coinbase Wallet. CompoundDeFi app and CompoundDefi  
8 website has been shut down since the end of 2022. It was compoundDefi app where the plaintiff  
9 saw the growth of his investment. Plaintiff's USDT assets worth more than \$12,000 were  
10 removed from Coinbase Wallet by Defendant. The Plaintiff invested in their Defi liquidity  
11 mining app that was mainly built on the Ethereum blockchain, and provides liquidity through  
12 Defi products on Ethereum to obtain miner's income. Comp is a very prominent coin in the  
13 crypto finance space to grow with. Simply put, one only needs to deposit USDT in the Coinbase  
14 wallet app and allow Compound Labs, Inc. Defi app to access the USDT to mine, in return you  
15 get a percentage of money invested which gets deposited to the investors account after every 6  
16 hours.

17 28. Defendant brings in costumers in order to invest in crypto currency for trading and  
18 investing purposes and then advertises large investments in trade. The Plaintiff was treated with  
19 a lack of regard with his investment.

20 29. The Plaintiff alleges and re-alleges the following actions in this First Amended  
21 Complaint for Breach of Contract, Breach of the Covenant of Good Faith & Fair Dealing, Unjust  
22 Enrichment, Fraud, Conversion, and Promissory Estoppel.

#### 23 24 JURISDICTION AND VENUE

25 30. The Plaintiff accepts this civil suit action to be proper in this court pursuant to 28  
26 U.S.C. § 1332; Diversity of Citizenship; whereby (a) the district courts shall have original  
27 jurisdiction of all civil actions and the matter in controversy exceeds the sum or value of  
28 \$75,000, exclusive of interest and costs, and is between; and (1) citizens of different States.



1 Jurisdiction is proper in the State of California for the County of Ventura pursuant to Section  
 2 410.10 of the Code of Civil Procedure. This Court has personal jurisdiction over Defendant  
 3 because they conducted and continue to conduct substantial business in the State of California,  
 4 County of Ventura, and Defendant's websites are available for business across California.  
 5 Further, the Court has personal jurisdiction over Defendant because Defendant either conducted  
 6 business in this District or are present in this District for jurisdictional purposes.

7 31. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §  
 8 1331, 28 U.S.C. § 1367, 15 U.S.C. § 77v, and 15 U.S.C. § 78 because Plaintiff allege violations  
 9 of the *Securities Act of 1933* and *Securities Exchange Act of 1934*. More, the Defendant has had  
 10 sufficient minimum contacts with this District as to render the exercise of jurisdiction by this  
 11 Court permissible under traditional notions of fair play and substantial justice.

12 32. Defendant solicited investors in this District and obtained money or valuable crypto  
 13 currency from those investors, including Plaintiffs. Defendant have purposefully availed  
 14 themselves of the benefits of operating in this jurisdiction, and this Court may exercise personal  
 15 jurisdiction over Defendant. The Defendants (Compound Labs, Inc. and Compounddefi, Inc.) are  
 16 "domiciled" in the California, and therefore governed by law in this court. Consequently, the  
 17 Defendant maintains physical corporate headquarters in San Francisco, California. Venue is  
 18 proper in this court because Defendant conducted substantial business in this County.

### 19 20 FACTUAL ALLEGATIONS

- 21 1. Plaintiff opened up an account with CompoundDefi app (website  
 22 <https://compound.finance> ) and used their app for crypto currency investment  
 23 prospects.
- 24 2. Plaintiff's first investment was deposited on April, 5th 2022, in the amount of \$28.37.  
 25 The contractual agreement was discussed in a series of texts to the Plaintiff which can  
 26 be read as *Exhibit A, B, C, D, E and F* (attached).
- 27 3. The website is related to the app and where the top management of Defendant and  
 28 their names were listed <https://compounddefi.vip> .



1 This website is not operational since the end of 2022. It showed same management as  
 2 the website for Compound Labs, Inc. Screenshot included for  
 3 <https://compounddefi.vip> (*Exhibit F*).

- 4 4. On June 28th, 2022, around 7:00 am, Defendant (Compound Labs, Inc. and  
 5 Compounddefi, Inc.) took out (withdrew) from Plaintiff's digital wallet \$12,083.28  
 6 without his consent.
- 7 5. For the terms of agreement and safety of the investment, a series of texts with  
 8 CompoundDeFi team. The team that managed CompoundDeFi also manages  
 9 Compound Labs, Inc. clearly states the degree of safety of this investment—that  
 10 investment with Defendant is secure and in their own words "it is risk free" and  
 11 "...even the world's top hackers cannot steal your crypto assets" (*Exhibit A*).
- 12 6. The Plaintiff was assured that he would have no problems unless his password was  
 13 leaked. The CompoundDeFi app associates had been indicating that Plaintiff could  
 14 lose everything in that case (if there was a password leak). The Plaintiff has not been  
 15 getting his money back. There was no password issue but Plaintiff was not being  
 16 helped with the issue of Defendant withdrawing his money (crypto assets) out of his  
 17 wallet (account).
- 18 7. Plaintiff has lost time, money, and energy with his investment and should have been  
 19 professionally taken care of. The Defendant was not communicating with the Plaintiff  
 20 to help. Plaintiff's expense was too high during the mining process that Defendant  
 21 described he needed and in the end Defendant merely took his money (crypto  
 22 currency) and gave him no return. His investment stopped accumulating.
- 23 8. The Plaintiff lost his entire investment gain and without any valid contractual reason.

### 24 **FIRST CAUSE OF ACTION**

#### 25 **BREACH OF CONTRACT**

26 There was consideration, an offer, and an acceptance. Plaintiff alleges and re-alleges that  
 27 the Defendant is in Breach of Contract and is in violation of the Uniform Commercial Code  
 28



1 (UCC): Article 1 (General Provisions), Article 2 (Sales), Article 8 (Investment Securities),  
2 Article 4A (Funds Transfer), Securities Act of 1933 (the "Securities Act"), the Securities  
3 Exchange Act of 1934 (the "Exchange Act"), California's Corporate Securities Law of 1968 (the  
4 "California Securities Law"), and California's Unfair Competition Law.

5 Defendant willfully and wrongfully exercised control over and/or intentionally interfered  
6 with the rights of Plaintiff and his investment (property) when they violated contract and  
7 withdrew his funds from his digital wallet. The Plaintiff lists the following statements of the  
8 cause of action for relief:

- 9 1. Defendant failed to fulfill their promise to continue to let investment grow; to provide  
10 Plaintiff with any warning or notice of unlawful handling of his investment and  
11 withdrew his current gain worth \$12,083.28.
  - 12 2. Defendant wrongfully removed Plaintiff's investment from his wallet and broke  
13 agreement on contract.
  - 14 3. The Plaintiff asked the Defendant to give him his investment back but did not get  
15 anything returned. Defendant conjured up a story that Russians have hacked  
16 Plaintiff's account. Then a few hours later they changed it, that if I deposit half of lost  
17 Amount, then the total lost amount can be recovered. But I didn't accept that option  
18 of depositing another \$6000.00 to Coinbase wallet to lose more money.
  - 19 4. Defendant's actions have damaged Plaintiff's business ventures and future  
20 opportunities as a result of the handling of his crypto currency, which caused  
21 conversion of his investment.
  - 22 5. Defendant's conduct was without respect for Plaintiff's investment.
  - 23 6. The Plaintiff would like to recover his crypto currency and what he would have  
24 vested by now as just compensation for the loss of investment.
- 25  
26  
27  
28



## SECOND CAUSE OF ACTION

### **BREACH OF THE COVENANT OF GOOD FAITH & FAIR DEALING**

Under the UCC, every contract has an implied covenant of good faith and fair dealing which requires that the parties refrain from doing anything to unfairly interfere with the right of the other party to receive the benefits of the contract. UCC § 1-201(19) manages transactions within Article 2, "good faith in the case of a merchant means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade."

1. Defendant's breach of the covenant of good faith and fair dealing where their conduct was a substantial factor in causing Plaintiff's damages.
2. The Defendant;s failed to compensate or return to Plaintiff the monies (crypto currency) that was unlawfully withdrawn from his wallet (account) without notice or explanation.

## THIRD CAUSE OF ACTION

### **UNJUST ENRICHMENT**

Defendant should not be permitted to unjustly enrich himself at the expense of Plaintiff, but should be required to make restitution for the property or benefits received, retained, or appropriated, where it involves violation or frustration of law or opposition to public policy, either directly or indirectly." See *Melchior v. New Line Productions, Inc.* (2003) 106 Cal.App.4th 779, 793.

1. As a result of their failure to build and launch the Plaintiff's digital assets in Defendants' own account, and do not make an accounting of the Plaintiff's funds, the Defendants has been unjustly enriched at the expense of Plaintiff.
2. The Plaintiff is entitled to recover monies from Defendants to remedy such unjust enrichment, including the return of all purchase of crypto currency and accrued investment, and reimbursement for services rendered to Defendant.
3. The Defendant was unjustly enriched at the expense of the Plaintiff's loss.

FOURTH CAUSE OF ACTION

FRAUD

Defendant had a duty to accurately and completely disclose material information to Plaintiff regarding the potential investments in crypto currency. A contract breach involving fraud is an intentional tort under the Federal Tort Claims Act (FTCA) and 18 U.S. Code § 1341 - Frauds and swindles.

1. Defendant acted with extreme and outrageous conduct when they conducted the removal of the Plaintiff's crypto currency. The intent was wrongful deception by the Defendant to cause the Plaintiff financial loss.
2. Plaintiff invested in CompoundDeFi app, which is meant to operate on DeFi liquidity mining principles and was mainly built on the Ethereum blockchain, and provides liquidity through Defi products on Ethereum to obtain miner's income.
3. Defendant stole Plaintiff's crypto currency in the amount of \$12,083.28 from his digital wallet and by now it could be worth much more. The act was done with causing, or instigating reckless disregard of the probability of causing, emotional harm.
4. As a result, the Plaintiff has suffered severe emotional or extreme emotional distress.
5. The actual and proximate cause of the emotional distress was due to the Defendant's outrageous conduct of fraud.
6. The Defendant violated the Securities Act(s) which grants Plaintiff a right of action for damages against them and the Defendant for their violations of this provision.
7. *Sec. 15 of the Securities Act of 1933* provides for joint and several liability for "controlling persons" who had sufficient power or influence over a person or entity that violated federal securities laws:

Every person who, by or through stock ownership, agency, or otherwise, or who, pursuant to or in connection with an agreement or understanding with one or more other persons by or through stock ownership, agency, or otherwise, controls any



1 person liable under section 77k or 77l of this title, shall also be liable jointly and  
 2 severally with and to the same as extent as such controlled person to any person to  
 3 whom such controlled person is liable, unless the controlling person had no  
 4 knowledge of or reasonable ground to believe in the existence of the facts by reason  
 5 of which the liability of the controlled person is alleged to exist; 15 U.S.C. § 77o(a).  
 6

## 7 FIFTH CAUSE OF ACTION

### 8 CONVERSION

9 In general, theft by conversion is an act that occurs when an individual legally takes  
 10 possession of another individual's personal property or money then uses that personal property or  
 11 money for their own purposes rather than for the purpose that the owner originally gave them  
 12 permission for to use it. Conversion is often defined as other interference of a person's right to  
 13 property without the owner's consent and without lawful justification. See *Stevenson v. Economy*  
 14 *Bank of Ambridge*, 413 Pa. 442 (Pa. 1964). A conversion occurs when a person without authority  
 15 or permission intentionally takes the personal property of another or deprives another of  
 16 possession of personal property. It is a tort which allows the injured party to seek legal relief.

- 17 1. Defendants intentionally and substantially interfered with Plaintiffs' right by failing  
 18 return the crypto currency that was gained and by preventing Plaintiff from having his  
 19 investment of any value or at all. In particular, among other interference by  
 20 Defendant; Defendant misappropriated, commingled, and/or misapplied funds  
 21 belonging to Plaintiff for personal gain and/or for the benefit of Defendant's capital.
- 22 2. Defendant did so without Plaintiff's consent.
- 23 3. Defendant conduct was a substantial factor in causing Plaintiff's harm. In addition  
 24 to seeking compensatory damages, because of the malicious, oppressive, and  
 25 fraudulent nature of the conduct of Defendant, Plaintiff seeks punitive damages in  
 26 an amount sufficient to recover lost funds, accrued investment and punish and  
 27 deter them.  
 28

**SIXTH CAUSE OF ACTION**  
**PROMISSORY ESTOPPEL**

Within contract law, promissory estoppel refers to the doctrine that a party may recover on the basis of a promise made when the party's reliance on that promise was reasonable, and the party attempting to recover detrimentally relied on the promise. The promissory estoppel doctrine that a promise made without the exchange of **consideration** is binding and enforceable if: (1) the defendant made a clear and unambiguous promise, (2) the plaintiff acted in reliance on the defendant's promise, (3) the plaintiff's reliance was reasonable and foreseeable, (4) The plaintiff suffered an injury due to reliance on the defendant's promise. See *Graham-Suit v. Clainos*, 756 F.3d 724, 749-50 (9th Cir. 2013).

1. Defendant made a promise to build investment for Plaintiff and to release and distribute crypto currency to investors including the Plaintiff whenever he wanted or needed to. In a text with the Defendant, the Defendant stated that "Your funds are in your wallet you can withdraw money at any time" (*Exhibit B*).
2. Defendant made a promise to build Plaintiff's investment and that his investment would safe (*Exhibit A*).
3. Defendant intended that Plaintiff rely on their promise.
4. Plaintiff reasonably relied on Defendant's promise.
5. Plaintiff's reliance on Defendant's promise was a substantial factor in causing Plaintiff's harm.

**PRAYER FOR RELIEF**

- 1) For relief on all claims.
- 2) Declaring that Defendant is liable to Plaintiffs under the Securities Act of 1933, the Exchange Act of 1934, and all allegations herein according to the UCC California;
- 3) Awarding Plaintiff rescission;
- 4) Awarding compensatory damages, including lost profits;



- 1 5) Awarding Plaintiff punitive damages in an amount sufficient to punish and deter
- 2 Defendant;
- 3 6) For statutory damages, treble damages, and special or exemplary damages to the
- 4 extent permitted by law;
- 5 7) For compensatory, consequential, general, punitive, and special damages and/or
- 6 restitution in an amount to be determined at trial for loss of investment, of trade
- 7 all in the amount of \$5 million dollars (five million dollars);
- 8 8) For costs of suit;
- 9 9) For all such other relief as the Court deems just and proper.

10  
11 CONCLUSION

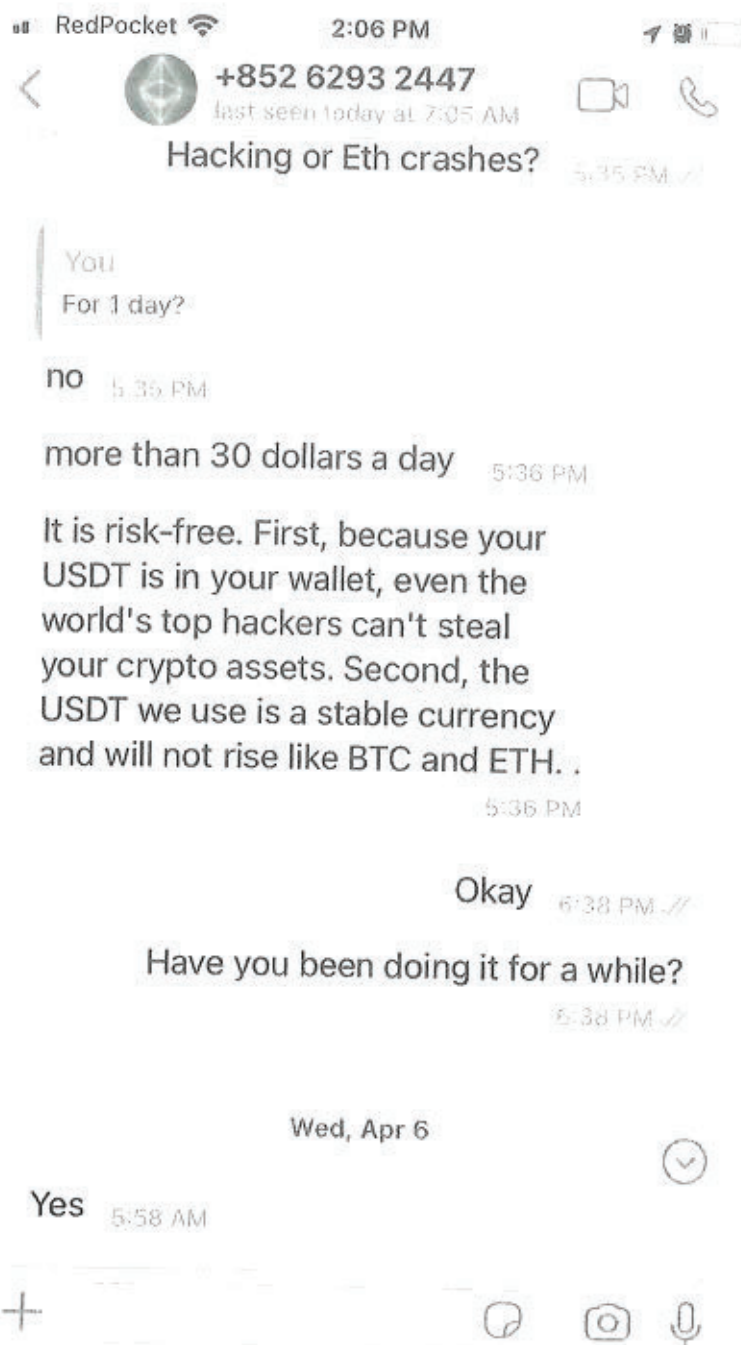
12 The Plaintiff prays for relief, justice, and the recovery of lost funds that should have  
13 accrued on investments to date that are equivalent to the amount had the USDT not been  
14 removed. For this reason, the Plaintiff moves forward with his complaint.

15  
16 Dated: November 24nd, 2023.

17 /s/   
18 Plaintiff's name (sign)

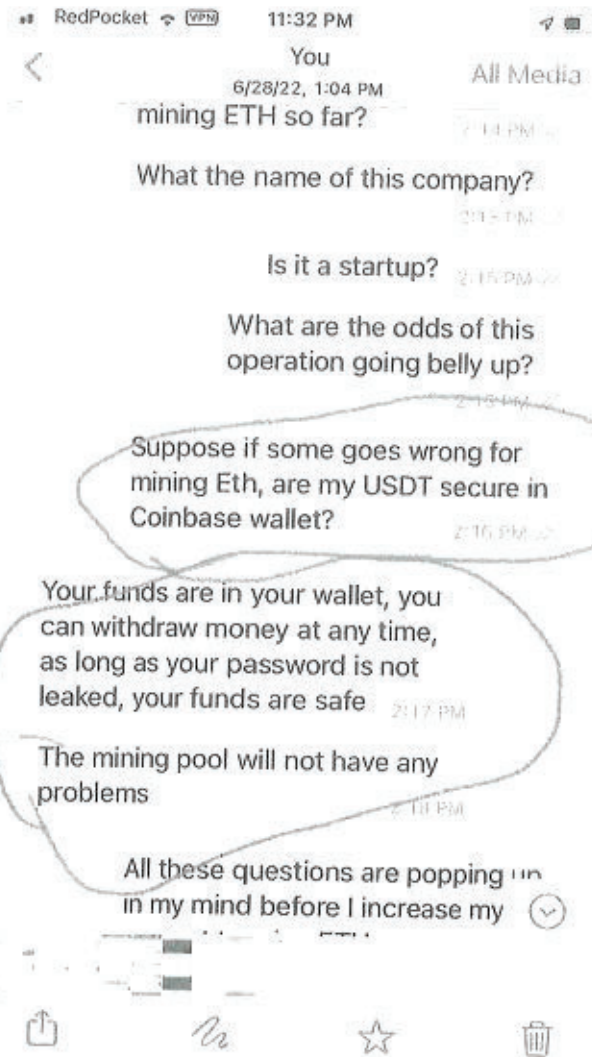
19 Arif Akhtar  
20 565 Village Commons Blvd.  
21 Camarillo, CA 93012  
22 PH: (805) 402-5992  
23 akhtar.arif@gmail.com  
24 Plaintiff In Pro Per  
25  
26  
27  
28

## EXHIBIT A





## EXHIBIT B

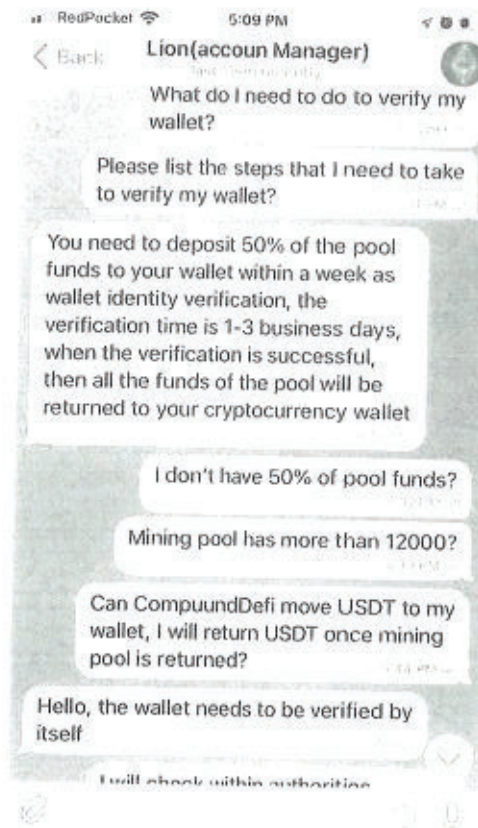


# EXHIBIT C

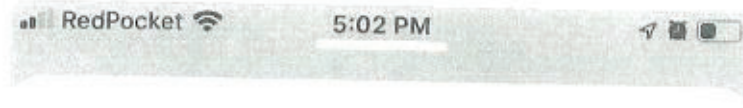




# EXHIBIT D



## EXHIBIT E



Share the Compound price chart

[coinbase.com/price/compound](https://coinbase.com/price/compound)



Messages



Story



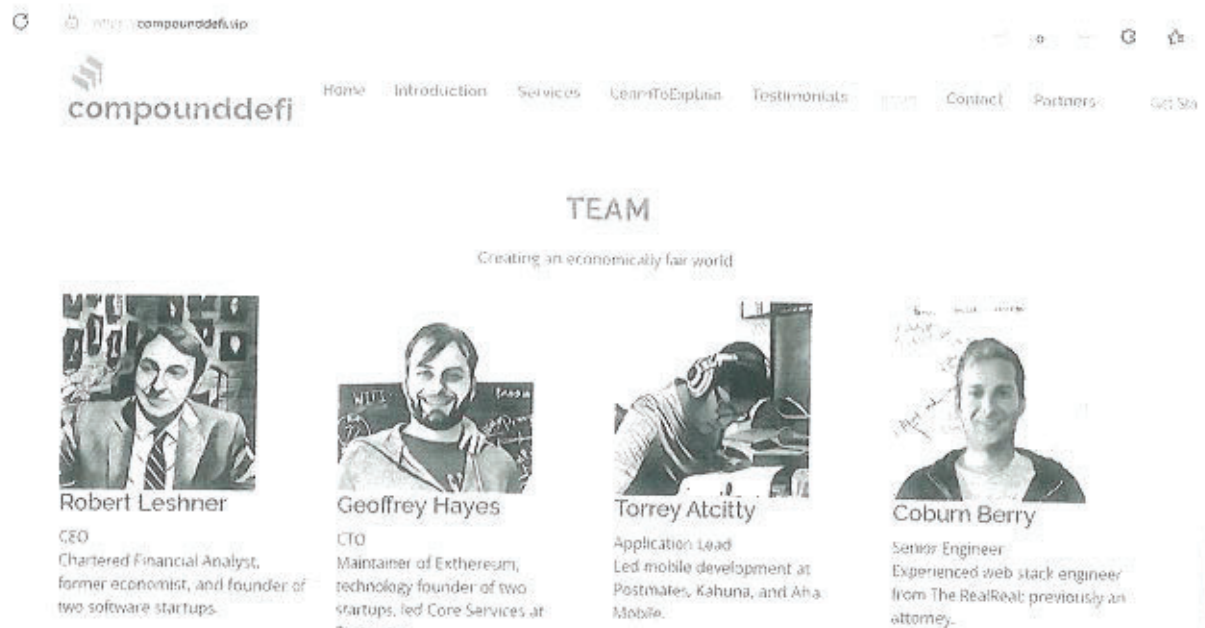
Copy link



More



# EXHIBIT F



The screenshot shows the website for compounddefi. The header includes the logo and a navigation menu with links: Home, Introduction, Services, Learn-to-Explain, Testimonials, Contact, Partners, and Get Started. The main section is titled "TEAM" with the tagline "Creating an economically fair world". Below this, four team members are listed, each with a photo, name, title, and a brief description of their background.

Name	Title	Description
Robert Leshner	CEO	Chartered Financial Analyst, former economist, and founder of two software startups.
Geoffrey Hayes	CTO	Maintainer of Ethersum, technology founder of two startups, led Core Services at Postmates.
Torrey Atcitty	Application Lead	Led mobile development at Postmates, Kahuna, and Aha Mobile.
Coburn Berry	Senior Engineer	Experienced web stack engineer from The RealReal; previously an attorney.

## EXHIBIT G





# Exhibit H

